

# Kiatnakin Phatra Bank PLC

Financial Institution | Banking

3 April 2026

**Issuer Credit Rating:** A/Stable

**Issue Ratings:**

**Basel III Tier-2:** BBB+/Stable

## Rating Action

**TRIS Rating affirms the issuer credit rating on Kiatnakin Phatra Bank PLC (KKP) at “A” and the ratings on its Basel III Tier-2 subordinated debentures at “BBB+” with a “stable” outlook.**

The ratings reflect KKP’s diversified business model, robust capital market operations, and improved earnings capacity, alongside its adequate capitalization. These strengths are balanced against a moderate funding profile which, despite positive trends, remains relatively weaker than those of domestic systemically important banks (DSIBs).

## Key Rating Considerations

### Diversification contributing to greater stability

KKP’s key competitive advantage lies in its robust capital market services, which are well integrated with its commercial banking operations. This synergy allows the bank to offer a full-fledged suite of financial products to individual, corporate, and institutional clients. The bank maintains a leading market position in investment and private banking. While commercial banking accounted for 75% of consolidated earnings in 2025, the capital market division contributed the remaining 25%, providing meaningful revenue diversification.

Within the commercial banking segment, auto hire-purchase (HP) remains the cornerstone of the portfolio at 44% of total loans. KKP ranks as the fourth-largest auto finance provider among Thai commercial banks at end-2025. The bank also has a sizable mix of mortgage loans (17%), corporate banking (15%), and commercial lending (15%) establishing a more stable income base. This strategic diversification mitigates exposure to the cyclical volatility inherent in the auto HP sector.

### Stabilizing asset quality

We expect KKP’s asset quality to stabilize over the next three years, as the core auto hire-purchase (HP) portfolio showed clear signs of improvement in 2025. This stability is underpinned by the bank’s selective de-risking strategy in 2026, particularly within the auto and SME segments. Consequently, we project the NPL ratio to remain within the 4.1%–4.2% range through 2028.

We expect credit costs, including losses from the sale of repossessed vehicles, to range between 1.8% and 2.1% over the next three years, compared to 1.7% in 2025. We anticipate that losses from repossessed vehicle sales will remain low through 2028, reflecting the bank’s currently low inventory levels and the stricter underwriting standards implemented since late 2023. This outlook is further bolstered by the stabilization of the used car market, aided by debt restructuring initiatives such as the ‘You Fight, We Help’ program, which has successfully moderated market supply.

The bank's non-performing loan (NPL) ratio (excluding POCI and interbank assets) rose to 4.3% at year-end 2025, from 4.2% in 2024. This increase was largely a result of a shrinking loan book, as the absolute NPL balance improved, driven by the auto HP portfolio. While the micro-SME and real estate developer segments experienced a modest uptick in NPLs, these exposures remain well-mitigated by TCG guarantees and collateral coverage, respectively. Notably, the NPL formation rate improved significantly, declining to 1.7% in 2025 from 3.0% in 2024, highlighting the effectiveness of the bank's strengthened risk management framework.

### **Improved profitability**

KKP's operating performance in 2025 was stronger than anticipated, with a reported net profit of THB6.0 billion—a 18.2% year-on-year increase. This strong growth was driven by solid net fee and non-interest income, alongside lower provisioning and reduced losses from the sale of repossessed vehicles. Consequently, the bank's return on average assets (ROAA) improved to 1.2% in 2025 (up from 1.0% in 2024), slightly surpassing the industry average of 1.1%. However, the cost-to-income ratio rose to 46.4% from 44.0%, reflecting a slight uptick in operating expenses and revenue contraction. The latter was pressured by squeezed net interest income (NII) resulting from the bank's de-risking strategy, impact from 'You Fight, We Help' program, and a declining interest rate trend.

We expect KKP's earnings capacity to soften slightly over the next three years compared with 2025. We factor in anticipated pressure from lower non-interest income mainly from gains on financial instruments measured at FVTPL and a marginal increase in provisioning. As such, we project ROAA to lower marginally to the 1.1%–1.2% range for 2026–2028. Our base-case scenario assumes a net interest margin (NIM) of 3.7%–3.8%, as lower asset yields are expected to be offset by reduced funding costs. Furthermore, we estimate credit costs will range between 1.8% and 2.1% through 2028, accounting for a normalization of asset quality.

### **Adequate capital position**

We expect KKP to maintain an adequate capital position over the next three years. The bank's consolidated Common Equity Tier-1 (CET-1) ratio rose to 14.7% at year-end 2025, up from 14.0% at year-end 2024, following a period of loan contraction. Under our base-case scenario, we project the CET-1 ratio to remain within the 14.7%–14.9% range from 2026 to 2028. This projection assumes annual loan growth of -1% to 2%, a dividend payout ratio of 75%, and excludes the potential exercise of ESOP warrants.

### **Moderate funding profile**

We maintain a moderate assessment of KKP's funding position, primarily reflecting its funding profile that remains relatively weaker than those of DSIBs.

Notwithstanding, we have observed positive developments in KKP's deposit franchise over the past few years. Key drivers include the rapid expansion of deposit accounts, strategic business partnerships, and the introduction of new products, such as investor settlement accounts and online savings accounts. These initiatives have allowed the bank to broaden its customer base and diversify its deposit mix. However, the deposit balances from these new segments remain relatively low as a percentage of the total deposit base.

This improvement is evident in the bank's CASA (current account and savings account) ratio, which rose to 46.8% at year-end 2025 from 34.5% in 2024. While this exceeds the levels of its small-bank peers, it remains well below the industry average of 70.2%. Furthermore, the bank still relies on high interest rates to attract these customers; consequently, the gap between KKP's deposit costs and the industry average remained wide at approximately 0.9% in 2025. A sustainable improvement in the CASA ratio, coupled with more competitive deposit costs, would be credit-positive for its funding profile.

Customer deposits accounted for 92.5% of total funding at end-2025 (up from 88.9% at end-2024). This increase was driven by the maturity of debentures, which required no replacement issuance due to loan contraction, resulting in a lower reliance on wholesale funding.

### **Sufficient liquidity**

We expect KKP's liquidity to remain sound and sufficient over the next 12 months. The bank's liquidity coverage ratio (LCR) stood at 136% at the end of the fourth quarter of 2025, above the regulatory requirement although weaker than the average for Thai banks of 215% reported by the Bank of Thailand (BOT). As of the end of 2025, liquid assets made up 21.9% of total assets and 30.7% of total deposits.

### **Base-case Assumptions**

The following are our base-case assumptions for KKP in 2026-2028:

- Loan growth: -1%-2% per annum
- Net interest margin: 3.7%-3.8%
- Cost-to-income: 47%
- Credit cost: 1.8%-2.1%
- NPL ratio (excluding POCL and interbank assets): 4.1%-4.2%
- NPL formation rate: 1.8%-2.1%
- CET-1 ratio: 14.7%-14.9%

### **Rating Outlook**

The "stable" outlook reflects our expectation that KKP will maintain asset quality and earnings capacity at acceptable levels while ensuring adequate capital position. At the same time, we expect healthy financial performance and revenue diversification to be sustained by the bank's synergies with its capital market and wealth management units.

### **Rating Sensitivities**

The ratings and/or outlook could be revised upward if KKP strengthens its capital position, with the CET-1 ratio staying well above 15% for a sustained period, while continuing to improve its asset quality and earnings capacity as well as commercial banking franchise. We could revise the outlook and ratings downward if its asset quality and/or earnings capacity further weakens materially below our base-case scenario or the CET-1 ratio falls below 12%.

### **Company Overview**

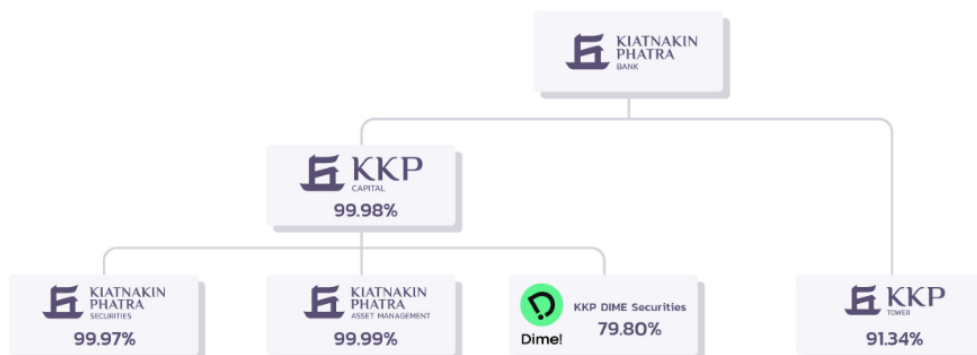
KKP, formerly known as Kiatnakin Finance and Securities Co., Ltd., was established by the Wattanavekin Family in 1971. KKP was listed on the Stock Exchange of Thailand (SET) in 1988 and became a public company in 1993. In August 1997, KKP was one of 57 financial institutions with operations suspended due to the Asian financial crisis. After submitting and receiving regulatory approval for a rehabilitation plan, KKP resumed operations in April 1998. In July 1999, KKP's finance and securities business was split into two separate companies: Kiatnakin Finance PLC, operating the finance business, and Kiatnakin Securities Co., Ltd., operating the securities business.

Following the financial crisis, KKP began a new business, distressed asset management, by purchasing portfolios of troubled loans from the Financial Sector Restructuring Authority (FRA) and other financial institutions. In 2000, KKP started to expand by offering residential property development project loans to small and medium enterprise (SME) real estate developers.

In December 2004, the Ministry of Finance (MOF) granted KKP a commercial banking license. KKP commenced universal banking operations in October 2005, and later changed its name to "Kiatnakin Bank PLC". In order to expand

the scope of its business to include fund management, KKP purchased 60% of the shares of Kiatnakin Phatra Asset Management Co., Ltd. (KKPAM) (formerly named Siam City Asset Management Co., Ltd.) in July 2011, and acquired the remaining 40% stake in September 2012.

**Table 1: KKP’s Group Structure**



Source: KKP’s information (as of March 2026)

As a part of its growth strategy, KKP merged with KKP Capital Co., Ltd. (KKP CAPITAL) in September 2012, and later created a new brand name for the group: “Kiatnakin Phatra Financial Group” (KKP). KKP’s shareholding structure changed after the merger. KKP and its subsidiaries reorganized their businesses based on three strategic focuses: (i) credit business, (ii) private banking, and (iii) investment banking.

To streamline its business operations, KKP later sold all its shares in KKTrade Securities Co., Ltd. (KKTRADE), which operated securities business for retail clients to Yuanta Securities (Thailand) Co., Ltd. in July 2016.

As of April 2021, KKP held 99.9% shares in KKP CAPITAL, while KKP CAPITAL held shares of Kiatnakin Phatra Securities PLC (KKPS) and KKPAM. KKP Tower Co., Ltd. (KKP TOWER), another subsidiary of KKP, operates the office rental and property management business for the bank and subsidiary companies.

In November 2021, KKP CAPITAL established a new subsidiary under the name “KKP Dime Co., Ltd.”. KKP Dime’s main objectives are to provide financial and investment services through digital channels. Kiatnakin Phatra Financial Group through KKP Capital PLC holds 80% of the total shares of KKP Dime.

## Financial Statistics and Key Financial Ratios<sup>1</sup>

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2025	2024	2023	2022	2021
Total assets	488,095	498,429	545,327	507,637	436,123
Average assets	493,262	521,878	526,482	471,880	399,767
Interbank and money market items	39,238	38,985	62,029	45,732	55,238
Investments	66,487	58,434	52,297	50,551	39,205
Loans and receivables	351,138	375,549	405,493	383,839	315,653
Loan loss reserves	20,167	20,801	20,787	18,327	16,620
Deposits	348,300	359,306	358,903	331,464	288,382
Borrowings <sup>2</sup>	31,813	45,574	93,268	85,086	62,169
Shareholders' equities	65,206	63,211	61,253	58,111	51,162
Average equities	64,209	62,232	59,682	54,637	48,894
Net interest income	17,257	19,848	22,294	19,081	15,701
Net fees and service income	5,935	5,396	5,476	6,165	6,074
Non-interest income <sup>3</sup>	8,410	6,958	6,534	8,760	9,131
Total revenue	25,666	26,806	28,828	27,842	24,831
Operating expenses <sup>4</sup>	12,122	11,687	11,088	11,472	9,745
Pre-provision operating profit (PPOP)	13,545	15,118	17,740	16,369	15,087
Expected credit loss	6,095	8,806	10,953	6,880	7,290
Net profit	5,969	5,048	5,456	7,616	6,355

<sup>1</sup> Consolidated financial statements

<sup>2</sup> Including interbank and money market

<sup>3</sup> Net of fee and service expenses

<sup>4</sup> Excluding fee and service expenses

Unit: %

	-----Year Ended 31 December -----				
	2025	2024	2023	2022	2021
<b>Earnings Capability</b>					
Return on average assets	1.21	0.97	1.04	1.61	1.59
Net interest margins	3.77	4.06	4.52	4.36	4.28
Risk-adjusted net interest margins	2.44	2.26	2.30	2.79	2.29
Net interest income/average assets	3.50	3.80	4.23	4.04	3.93
Non-interest income <sup>5</sup> /average assets	1.70	1.33	1.24	1.86	2.28
Net fees and service income/total revenue	23.12	20.13	19.00	22.14	24.46
Cost-to-income	46.36	44.01	40.41	41.07	39.00
<b>Capitalization</b>					
CET-1 ratio	14.71	13.98	13.30	13.32	13.62
Total capital ratio	17.36	17.35	16.61	16.63	17.35
CET-1/total capital	84.74	80.62	80.10	80.11	78.48
<b>Asset Quality</b>					
Credit costs	1.71	2.30	2.82	2.01	2.55
Non-performing loans/total loans <sup>6</sup>	4.28	4.21	3.17	3.28	3.09
Loan loss reserves/non-performing loans <sup>6</sup>	137.17	134.17	164.58	148.25	174.98
<b>Funding &amp; Liquidity</b>					
CASA/total deposit	46.76	34.53	35.75	59.15	59.06
Loan/total deposits <sup>7</sup>	98.61	102.37	110.89	113.87	106.42
Deposits/total liabilities	82.36	82.55	74.14	73.74	74.91
Liquidity coverage ratio	136	135	145	125	155
Liquid assets/total assets	21.91	19.80	21.22	19.16	21.94
Liquid assets/total deposits	30.70	27.46	32.24	29.35	33.18

5 Net of fee and service expenses

6 Based on reported NPL, excluding accrued interests and interbank assets

7 Excluding bills of exchange and interbank borrowing

## Related Criteria

- Financial Institution Rating Methodology, 25 September 2024
- Bank Hybrid Capital Rating Methodology, 24 December 2021

## Kiatnakin Phatra Bank PLC (KKP)

<b>Issuer Credit Rating:</b>	<b>A</b>
<b>Issue Ratings:</b>	
KKP314A: THB2,852 million Tier 2 capital securities due 2031	BBB+
KKP338A: THB3,000 million Tier 2 capital securities due 2033	BBB+
<b>Rating Outlook:</b>	<b>Stable</b>

## Rating History

Last Review Date: 11 April 2025

Date	Rating	Outlook/Alert
26-Apr-19	A	Stable
25-Apr-18	A-	Positive
31-Mar-15	A-	Stable
31-Mar-11	A-	Positive
30-Nov-04	A-	Stable
12-Jul-04	BBB+	Positive
21-May-02	BBB+	-
21-Jun-00	BBB	-
06-Mar-00	BBB	Alert Negative
25-Nov-99	BBB	-

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